

REPUBLICAN TAX BILL IS TRULY TAX FRAUD

The SPEAKER pro tempore (Mrs. NORTHUP). Under a previous order of the House, the gentleman from California (Mr. SHERMAN) is recognized for 5 minutes.

Mr. SHERMAN. Madam Speaker, after 20 years as a CPA, 6 years as a tax judge, I know tax fraud when I see it. The tax bill passed by the Republican majority is truly tax fraud.

It is a giant shift of our national income to the wealthiest one percent, cleverly disguised as a grand expedition to the furthest reaches of fiscal irresponsibility.

Many speakers have come to this floor and explained how this country cannot now afford to lock itself into an \$800-billion tax cut exploding in its second 10 years to a \$3-trillion cut, that we should not take steps today which Alan Greenspan has cautioned us against, that we should not risk the greatest economic expansion of our lifetimes.

But after all the conversation about this \$800-billion to \$3-trillion tax cut and what it means in its fiscal effect, there has been precious little discussion about what is actually in the bill.

Well, I will tell my colleagues what is not in it. A repeal of the marriage penalty is not in this bill. They could not find a way to do it, limited as they were to \$800 billion. In fact, there is far less marriage penalty relief in this bill than there was in the Democratic alternative that cost only \$250 billion.

What also is not in this bill is any real help for school construction. The Democratic alternative said we as a Federal Government would pay the interest on school bonds so that if school districts have more classrooms for smaller class sizes, the Federal Government would help.

All this bill does is relax the arbitrage rules, inviting local school boards to invest their money in debentures and derivatives and other things that caused Orange County to go bankrupt. It does nothing more for schools than give the school boards a free ticket to Las Vegas with the bond money.

So what is in this bill? How have they managed to allocate 45 percent of the benefits to the top one percent in our society?

Well, for example, they have got the interest allocation rules, costing over \$43 billion over 10 years that turn to major multinationals and say, if you close down your factories in the United States and invest abroad, we will cut your taxes.

But there is more. There is the modification of treatment of worthless securities, certain financial institutions. There is a whole lot of stuff in here for the oil companies. My favorite and their favorite is the repeal for special foreign tax rules.

This means that if Texaco gives a ton of money to Saudi Arabia or Kuwait in

return for the oil that they remove from their desert sands, Uncle Sam reimburses them penny for penny for what they pay for the oil that they then charge you and me for.

But there is more for the oil companies, like allowing a 5-year carry-back of NOL carry-forwards under a special rule; suspending the 65-percent tax limit on the percentage depletion allowance; allowing geological and geophysical costs to be deducted currently; allowing delay rental payments to be deducted currently, while modifying the section 613(d)(4) rules so that integrated oil producers can get the same benefits as independent wildcatters.

Then there is the stuff for the big chain store, such as the liberalization of the tax treatment of certain construction allowances and contributions received by retail operators.

What does that mean? It means the big chains can get a big payment to put a big store as the anchor tenant in a big mall, and they do not have to pay taxes on that big payment. But of course, people have to pay taxes on salaries and small business has to pay taxes on their profit.

There is the repeal of the 5-year limitations relating to life insurance companies filing consolidated tax returns with the affiliated group including non-life-insurance companies. There is a host of others that I have no time to get into.

But then finally there is the phase-in repeal of the estate gift and generation skipping tax. What does that mean? That means that Bill Gates saves \$50 billion. But what is in it for working families? For the 50 million Americans, 8 cents a day.

CHINA TRADE

The SPEAKER pro tempore (Mr. VITTER). Under a previous order of the House, the gentleman from Illinois (Mr. MANZULLO) is recognized for 5 minutes.

Mr. MANZULLO. Mr. Speaker, our relationship with China will always be extremely difficult and complex. We must continue the hard engagement process with China. But we do not need to sacrifice national security for trade. This has been and always will be a false choice.

The Cox report was a good sturdy point for us to more realistically evaluate our relationship with China. We have already begun to implement many of the Cox committee recommendations, such as requiring Defense Department monitors at satellite launch sites. Let us also be vigilant by enforcing existing laws.

If further reforms are needed to enhance national security, then Congress should not shy away from changing the law. But as we go through this process, we must not fool ourselves into think-

ing that more restrictions on our exports to China will protect us.

When we think about trade sanctions and export controls, we should not go down this road alone. We only put our heads in the sand if we think we can enhance our national security by ignoring our foreign competitors. The world has changed and the U.S. is no longer the only manufacturer of high-technology products.

Congress overreacted 2 years ago in placing unrealistic limits on computer sales abroad. Now China has a home-grown computer industry. Soon one penny and a chip the size of your fingernail will exceed the supercomputer definition. And European machine tool manufacturers have almost totally captured the high-end market in China because of our Government's export control policy. This at the same time domestic consumption of U.S. machine tools has dropped 45 percent.

Europe sells the same machines to China that we could that do the same things, but we are barred by selling them because of our export policy. We only hurt ourselves.

We are now learning the same lesson on commercial satellite exports. Last week, a major satellite manufacturer reported a loss of nearly \$100 million because of delays in development and delivery of new satellites. This is an industry that has made a dramatic shift away from relying on Government procurement to commercial sales.

They also compete against German, French, and Japanese satellite manufacturers of similar equipment. These foreign firms would eagerly seize export opportunities from U.S. satellite makers if they are denied permission to launch by our Government. We can protect our national security and our national economic interests while engaging China at the same time. But we should not put up walls that will block our high-technology industry and hurt our overall national interests.

Let us solve the specific problems highlighted in the Cox report but keep our export options open in China.

ILLEGAL NARCOTIC TRAFFICKING IN AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. MICA) is recognized for 5 minutes.

Mr. MICA. Mr. Speaker, I come to the floor again tonight to talk about the problem of illegal narcotics. Tonight I would like to help set the record straight.

After years and months of nearly deadly silence by the President of the United States on one of the most pressing issues facing our Nation, that is the problem of illegal narcotics use and abuse, the President spoke out yesterday.

I have a transcript of his speech, and I was really stunned to hear his remarks. These are his exact comments.